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Lawmakers and the Bush Administration are talking about a comprehensive plan to bail out financial institutions by acquiring all of the bad debt that is threatening to torpedo them. The hope is that by backing up the financial system this way, the government would later be able to sell off the bad assets and recover taxpayer money. Do you think this is the way to go, or is there some other solution to the financial crisis?

The financial crisis is very, very severe. The situation has deteriorated significantly in the last few weeks. The markets for virtually all forms of cash or debt are frozen and non-functional worldwide. There is simply a lack of confidence or, more accurately, fear about who can meet their commitments and who can't. That has locked up normal trading.

This is not just a Wall Street problem. If this situation continues, every American and probably every citizen of any industrialized nation will be affected in a negative way. The value of your savings account, your pension plan, your stocks or your mutual funds, depends on a functioning, transparent and liquid market. The market, right now, is arguably none of these things.

We must take action that is substantial, complete and immediate to restore confidence to markets. The problem is still caused by the incredible mistakes and excesses of the sub-prime lending wave and the related drop in housing prices. The Treasury is proposing that the federal government basically buy all the bad loans (mortgage backed securities) that exist out there and take all of that uncertainty out of the markets. The details of this proposal are still being worked out.

The \$700-billion amount would have to be financed through the issuance of more Treasury Bills. Eventually, the government would recover most and perhaps all of this money if the economy stopped deteriorating and people paid their mortgages, or home values stabilized.

This is an extraordinary situation. We have no option but to act. The Treasury proposal is one option, and there are others being discussed. But whatever we do, it must be done at such a

magnitude that it completely solves the problem. We had all hoped that the Fannie/Freddie rescue would fix the problem. It didn't. We need to make sure that this is big enough to do it.

John Campbell

Congressman